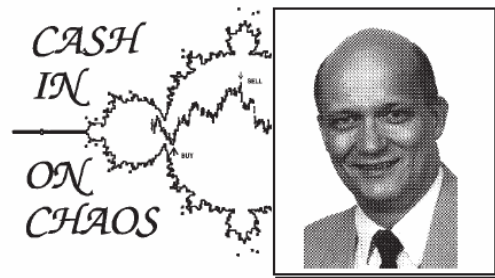


My market theories are based upon three topics: market astrophysics, chaos theory, and personal astrophysics. They are all concerned with energy flow. I believe that the universe is one intense energy field.

I have learned that energy adds together according to the laws of harmony and resonance. When energy adds properly it creates matter, life, and everything we experience. Everything follows these energy laws: solar systems, nations, tribes, cultures, individuals, and markets. A consequence of these laws is that chaos exists as part of the natural order of things. Chaos is a behavior pattern of non-linear systems. Energy fields are non-linear systems. And markets are energy systems.

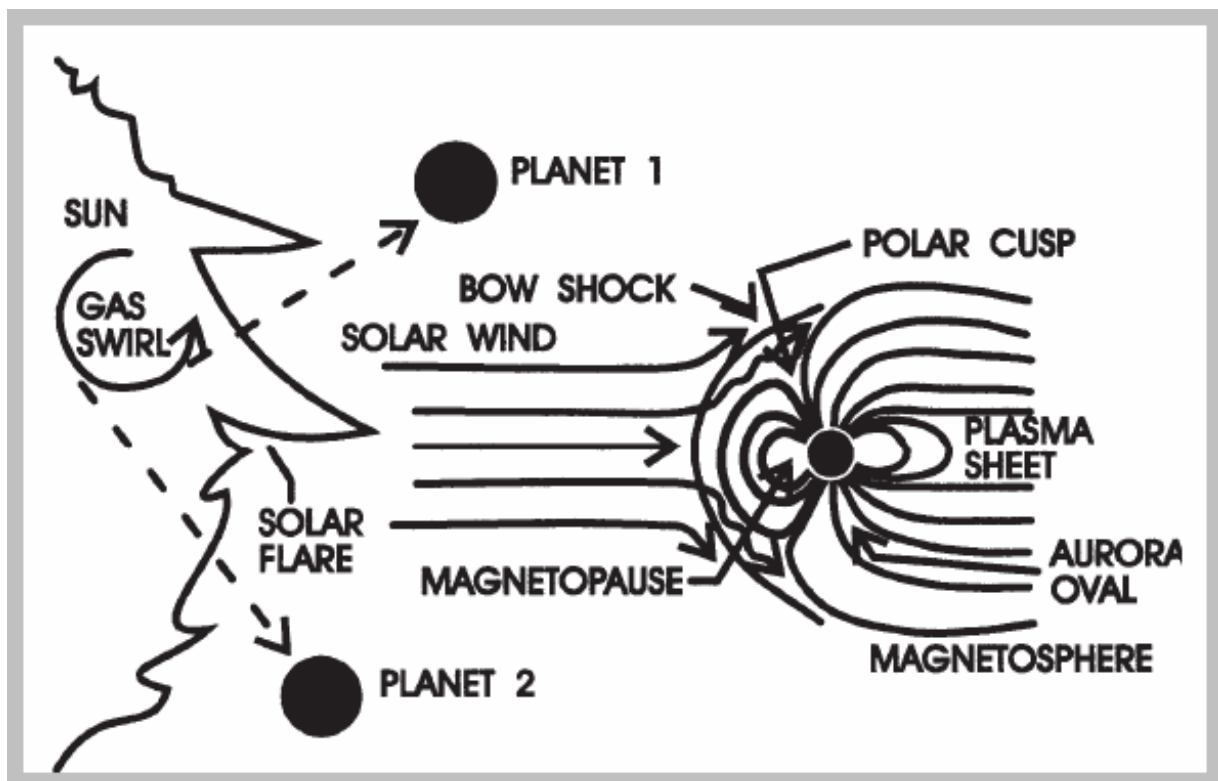
Profitable trading can, therefore, be based on understanding the behavior of these energy systems. I have worked long and hard to reach the point of scientific development where I understand these systems and how they work in markets.



Al Larson's Energy Flow Theory [1997]

As planets orbit the sun, they exert tidal forces upon the gases of the sun. These tidal forces cause swirling motions on the sun, creating sun spots, solar flares, coronal holes, and other energy events.

All these effects combine to vary the amount of radiation that leaves the sun. That solar radiation is our sole source of energy. We are subject to every fluctuation in it.

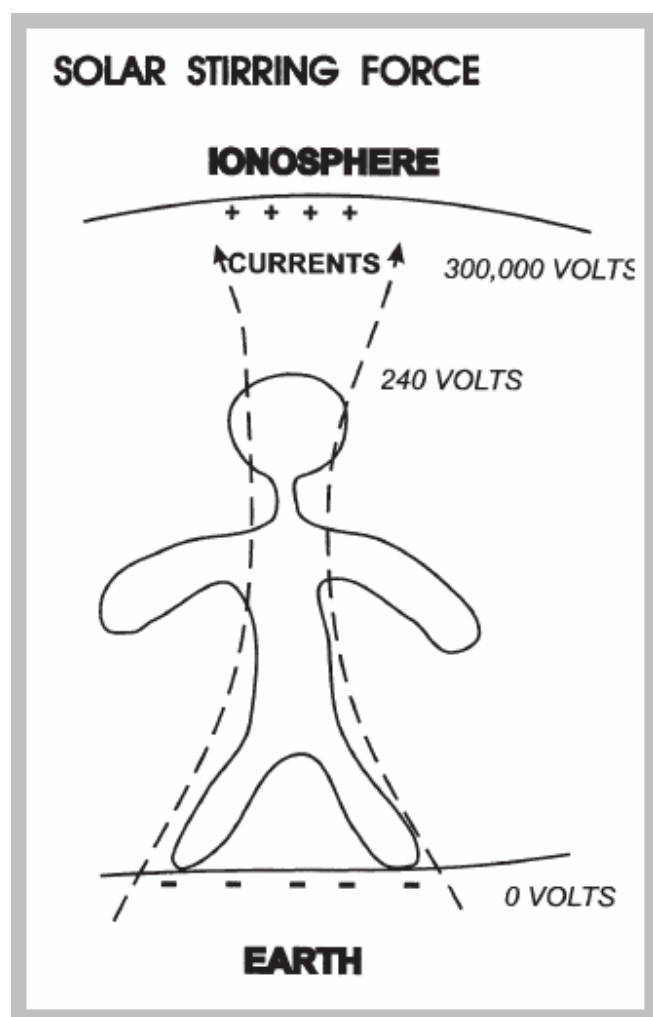


Solar radiation travels to the earth in two ways: as direct radiation, such as sunshine and radio waves, and as charged particles carried by the solar wind. This flow of charged particles forms a torrent of energy that blasts earth creating a bow wave and a wake, just as a boat going upstream would do.

This bow shockwave forms a magnetopause between the earth and the sun. It interacts with the earth's electromagnetic field, shaping and adding energy to it. At the poles, charged particles follow the magnetic lines of force into our atmosphere. This creates a charged layer called the ionosphere.

As this solar wind passes earth, it shapes our magnetosphere into a teardrop shaped envelope of trapped charged particles. As solar radiation varies so does the earth's magnetic field, atmospheric ionization, and temperature. Scientists have tracked down a host of relationships between these events and a variety of earthly phenomena such as weather, climate, crime rates, plant growth rates, frequency of thunder storms, blood Ph levels, psychiatric emergencies, and many others.

As part of this activity the solar wind charges our ionosphere to a voltage of approximately +300,000 volts. This charged layer above the earth represents the positive end of a battery. When you stand on the ground you are standing on the negative end of this battery. This is the earth's electric field that we all live in. When you stand erect, it places a voltage on the top of your head of about 240 volts. That is the same voltage as used by your oven element.



Fortunately for us, this is not a high current power source. Otherwise, we would fry. We are affected by this field. This voltage causes currents to flow through us as we live on earth. These currents are approximately 2000 times as strong as the biological currents that run our brain, our nervous system, our muscles, and our organs. All of our body's electro-chemical systems are subject to the fluctuations in these currents.

The ionosphere and the charges on it form a very dynamic system. Events such as solar flares can cause rapid and large changes in this voltage. Our biological circuits feel these changes. These changes can affect all our biological processes including our emotional moods. Scientific studies have shown that changes in ionization cause people to feel giddy to gloomy. These moods show up in the markets.

It is well accepted that markets move in response to fundamental forces and investor psychology. A major finding of my work is that investor psychology is driven by the physical energy system.

Those emotional rallies and declines are controlled by the currents that run through us. We call those currents emotions.

ASTROPHYSICS AND CHAOS THEORY

My introduction to the idea that the solar system affected prices is due to Col. Ev Garrett. It is with great sadness that I learned of his passing this month. Those of you who have read my website have encountered him under the code name, "The Solar Eagle."

He first introduced me to the idea that the radiation coming off of the Sun affected cycles on Earth. In discussing this with him I learned that there was a formula for the tidal forces that the planets exert on the Sun. I volunteered to write a computer program for Ev to calculate this force. I researched the correlation between this tidal force and all the cycles reported by the Foundation for the Studies of Cycles. Every single cycle that they had found had some relationship to this Solar stirring force. I, therefore, began calling this function the Master Clock.



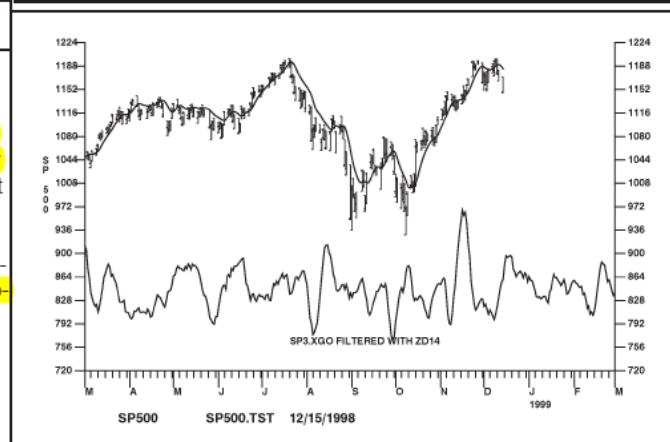
This chart shows the relationship of the Solar stirring force to the U.S. stock market over the past 10 months. The Master Clock was an excellent prediction of prices until last February. Note how it caught the lows at A & C and the highs at B & D. In late February prices began following the inverted, or upside down, version of this curve.

ASTROPHYSICS AND CHAOS THEORY

My introduction to Market Astrophysics came in 1976 when a former professor of mine, the Solar Eagle, told me that he had extracted the orbital period of Mercury out of the Consumer Price Index. When I visited him and checked out his mathematics I found that his extraction was mathematically perfect, so I asked him how the orbital period of Mercury could show up in an economic data series. He explained to me that economic data was effected by solar radiation. Researchers such as Luby and Clayton had shown this in the 1930's.

He explained to me that the planets caused tidal forces on the Sun. These tidal forces changed the amount of radiation leaving the Sun. Since then I have found that this change in radiation effects the voltage on the ionosphere which effects the electrical currents that flow through us, causing emotional swings in our buying and selling.

The Solar Eagle explained to me that the tidal forces on the Sun could be computed. When I did this calculation I discovered that the swings in the tidal force were often observable in economic price data. I wrote about this discovery in my article, "In Search Of The Cause Of Cycles", available in my book, "Market Astrophysics and Chaos". This chart shows the solar stirring force (Master Clock) with last years S&P500. The correlation is not always this good, but this one is hard not to notice.



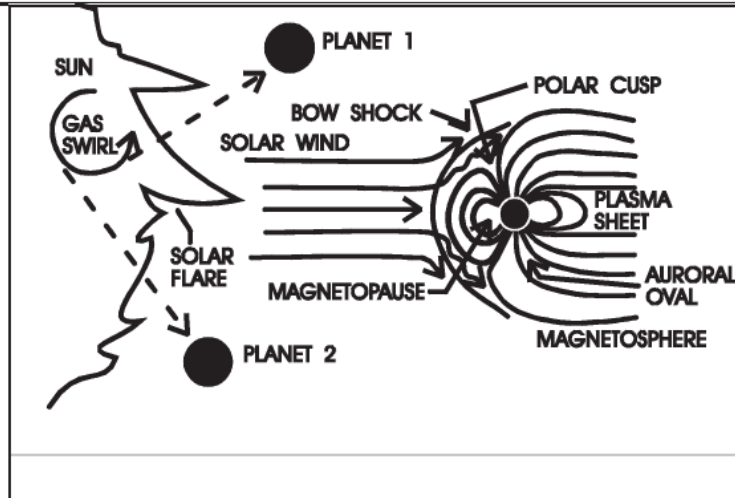
ENERGY

Think what our world would be like if there were no Sun.

Our planet would be as dark and as cold as the backside of distant Pluto. Only because the Sun exists do we have light, life, and markets to trade. So it should not come as a surprise to learn that the **Solar Energy System does affect markets**. Market AstroPhysics is the study of how this system affects price motion in markets.

The Sun gives off radiation which varies by about 2 percent. These variations are caused by tidal forces that the revolving planets exert on the gases in the Sun. These tides cause vortexes in the Sun's surface leading to solar flares, coronal holes, and magnetic storms. The energy changes from these are carried to Earth on an ionized stream of particles called the Solar Wind. When the Solar Wind reaches

Earth it is deflected around the Earth by the Earth's magnetic field. This creates a magnetosphere around the Earth. At the poles ionized particles can penetrate the Earth's atmosphere. These charged particles build up a layer of ionized gas above the Earth called the ionosphere. Changes in the solar radiation cause changes in the voltage in the ionosphere. This in turn causes changes in the electrical currents flowing through people standing on the Earth. We feel these currents as emotions. These emotional surges cause us to trade emotionally. These emotional swings account for about 40 percent of price motion.



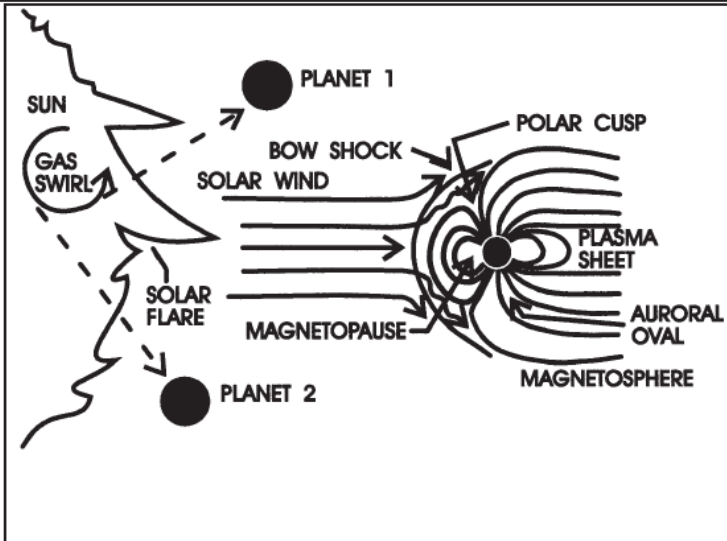
ASTROPHYSICS AND CHAOS THEORY

This is useful for new readers and is a good refresher for old readers. My research has completely validated this theory.

Market Astrophysics explains how markets are affected by planetary motion. The major components of the system are shown in the drawing.

As the planets move around the Sun they create turbulent swirls in the Sun's gases. These swirls produce changing patterns in the Sun's radiation and the Sun's electromagnetic fields. This changes the flow of charged particles from the Sun. These charged particles are carried to Earth on the solar wind. As the particles reach Earth they interact with the Earth's electromagnetic field. This field forms a protective magnetosphere around the earth.

This traps charged particles, building up a charged layer called the ionosphere. This layer charges up to an average of 300,000 volts. The Earth we stand on is one end of this high voltage battery. This electric field places a voltage on our heads of about 250 volts. That causes currents to flow through our bodies. These currents are 250,000 times as strong as the biological currents that run our brain and nervous system. We feel those currents as emotional changes. When the solar radiation pulses we feel it. When we feel it, we buy and sell emotionally. About 60% of price action can be based upon fundamental economics. The other 40% is due to the surging electric fields.



ASTROPHYSICS AND CHAOS THEORY

The Moon clearly has a very powerful effect on markets. This chart shows some of the reasons why.

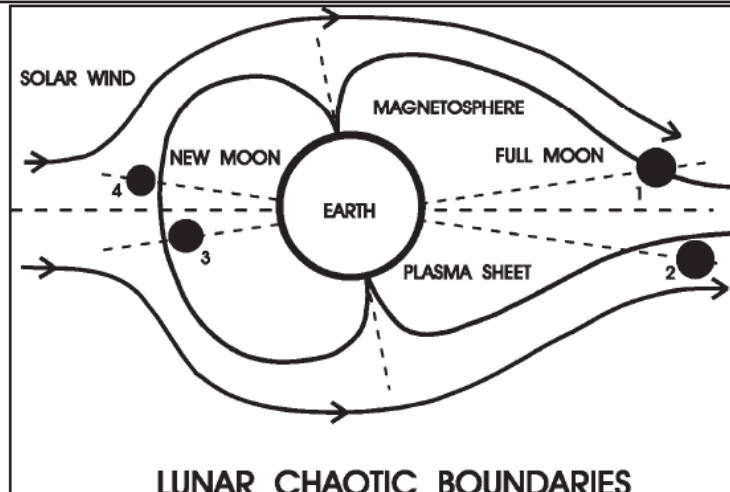
Ionized particles coming off of the Sun are carried to the Earth by the solar wind. As the solar wind passes Earth, it is deflected in a tear drop shape around the Earth by the Earth's electromagnetic field. This magnetosphere is a tear drop with holes punched in at the Earth's north and south pole. Ions spiraling down in these holes cause the Aurora Borealis.

These ionized particles also set up the charge on the Earth's ionosphere that effects the current flowing through traders. Surges in that current are felt as emotional swings by traders. The Moon is a key creator of these surges. Four key positions are shown on the chart.

At position 1, the full Moon is within the tail of the magnetosphere. There it reflects negative ions back to the Earth, making people feel giddy. But not every full Moon does this. Some full Moons occur at position 2, where the Moon is outside the magnetosphere tail. There it does not push ions back to Earth.

The new Moon can also trap ions. The effect is strongest at position 4 when the new Moon is outside the magnetosphere. It is a weaker effect at position 3.

All of these patterns are part of the magnetism that produces lunar chaos in markets.



A wise man will make more opportunities than he finds.

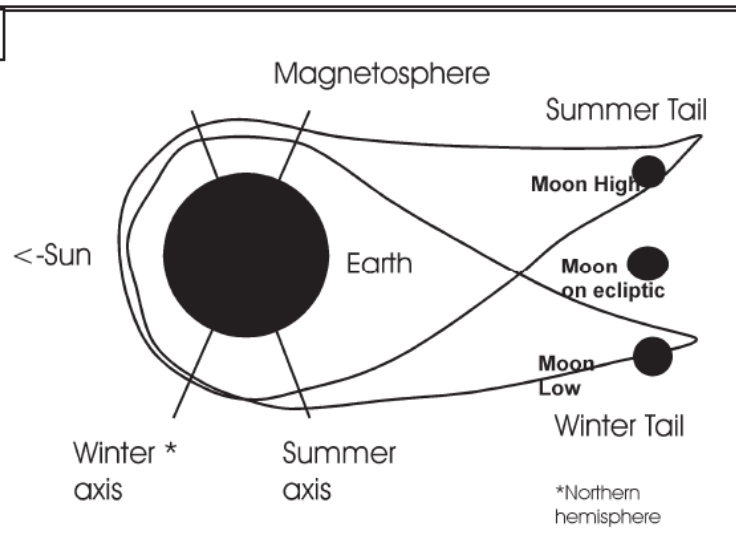
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ASTROPHYSICS AND CHAOS THEORY

Today is the spring equinox. The earth's axis is vertical. This makes the nighttime and daytime equal on all parts of the globe. It marks the beginning of the natural year.

This natural year has a strong influence on the electric fields that affect markets. The mechanism for that is shown at the right.

As the solar wind flows from the sun and around the earth, it creates a teardrop shaped region called the magnetosphere. The head of this teardrop is controlled by the earth's magnetic poles. When the north pole tips towards the sun, the magnetosphere tail rises to the position shown as the "summer tail" (northern hemisphere). Similarly, then the north pole tips away from the sun, the magnetosphere tail drops lower.



*Northern hemisphere

As the moon passes through full moon, it reflects ions from this magnetosphere tail back towards earth. These increased ions make humans emotional, love struck, and crazy traders.

How many ions get reflected back are a function not only of the position of the tail, but also of the moon. The moon's orbit is tipped to the earth, causing the moon to ride high, normal, or low. The net result of this complex interaction is that the earth's electric fields are varied both by the seasonal tilt and by the moon.

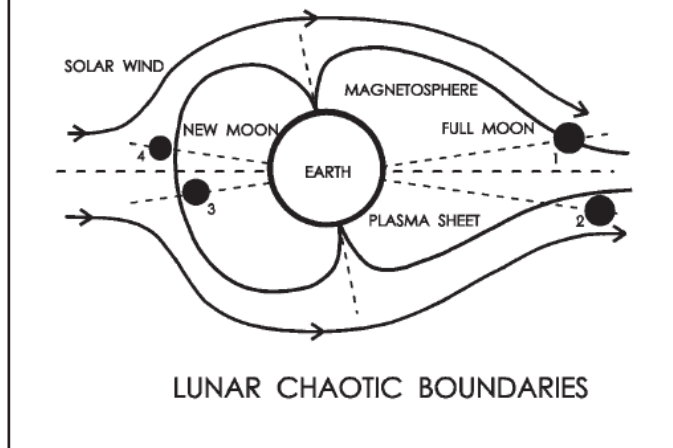
ASTROPHYSICS AND CHAOS THEORY

These are **Mercury and Venus Lunar Chaos Days**. In August the 17th and 31st are Venus Lunar Chaos Days and the 30th is a Mercury Lunar Chaos Day. In September the 15th is a Venus Lunar Chaos Day and the 29th is both a Mercury and a Venus Lunar Chaos Day. These days are days **when markets tend to be volatile**. So they are good days to watch.

This drawing shows the mechanism at work. The Lunar Chaos Days **occur near full Moon and new Moon**. But they are not always exactly at full Moon and new Moon. Either Mercury or Venus also has to line up with the Earth and the Moon. When this happens, these two nearby planets "jerk" the Moon.

This "jerk" can be enough to influence how the Earth interacts with the Earth's electric field. In the full Moon position, the Moon is interacting with the ionized tail of the Earth's magnetosphere. See locations 1 and 2 on the drawing. A minor perturbation can move the Moon inside or outside of the plasma sheet. This amplifies the electrical changes the Moon has on the Earth's electric fields. We feel those changes as emotions and buy and sell wildly. A similar thing happens at new Moon, shown at locations 3 and 4.

So watch these Lunar Chaos Days for higher than usual volatility. If you want to pick a few days a month on which to daytrade, these are good dates. There should be enough volatility to make it worth your while.



ASTROPHYSICS AND CHAOS THEORY

Markets are effected by the solar energy system. As planets move around the Sun, they swirl the gasses of the Sun. These swirls result in Sun spots, solar flares, and coronal holes. These outbursts of energy change the amount of radiation leaving the Sun. This radiation is carried to the Earth on the solar wind. This stream of ionized particles forms a teardrop pattern as it passes the Earth. It is deflected by the Earth's electromagnetic field.

This interaction with the electromagnetic field forms the Earth's ionosphere. That ionized layer reaches a voltage of approximately 350 thousand volts. When we stand on the Earth we are standing on the negative end of this 350 thousand volt "battery". The resulting current flowing through us is 250,000 times as strong as the electrical currents that run our biological systems. This means that surges in the external current, caused by surges in Solar radiation, effect our emotional moods. These emotional moods show up in the buying and selling patterns we see in markets.

Our goal has been to model this system mathematically, using it to create forecast in future price motion.

